

Congress of the United States
Washington, DC 20515

April 7, 2020

Jerome H. Powell
Chair
Board of Governors
Federal Reserve
2001 Constitution Ave NW
Washington, DC 20551

Dear Chair Powell:

We write to request that the Federal Reserve consider additional actions to ensure the critical relief for small businesses enacted under the Coronavirus Aid, Relief and Economic Security (CARES) Act is accessible to all who need it. We know you share our belief that the loans and grants made available to small businesses through the CARES Act are a critical bridge as they grapple with the sudden and precipitous drop in economic activity brought about by the COVID-19 crisis.

As you are aware, small businesses are applying for CARES Act loans at a high rate, and many are turning first to banks at which they already use. In recent days, we have received inquiries from small businesses in our districts who have encountered major difficulties applying for CARES Act assistance because their bank, Wells Fargo Bank, is limiting its participation in the Paycheck Protection Program (PPP) to existing customers who are small businesses with fewer than 50 employees or nonprofits.

Wells Fargo has stated that they have taken this action as a result of limits on the assets they may hold placed upon them by banking regulators. We fully recognize and support the need for strong regulations on large lenders to ensure the stability of the financial system. However, under the present circumstances, with small businesses struggling to remain operational and meet payroll obligations, we believe that we must consider additional flexibility to ensure the rapid and efficient flow of relief funds to those who need it, regardless of their commercial bankers.

Additionally, we have heard reports from businesses that they have found it difficult to work with new lenders because of due diligence requirements to work with new customers. Again, we request that you consider ways in which regulators might address these concerns and provide limited relief through a safe harbor to encourage the broadest access possible to the CARES Act relief. If legislation is required, we stand ready to work with you and other interested members on that issue.

As CARES Act funds will be distributed on a first come, first served basis, businesses in our district are deeply concerned that further delay could result in being shut out from the relief Congress has provided. Therefore, we urge you to consider additional steps to ensure well-

intended regulations on banks, including Wells Fargo, do not have the unintended consequence of preventing small businesses of all sizes from accessing desperately needed capital.

Thank you in advance for your consideration of this urgent matter.

Sincerely,

Mike Thompson
Member of Congress

Adam Schiff
Member of Congress

Susan Davis
Member of Congress